



State of Arkansas
Performance Report

Capital Projects Fund
Fiscal Year 2024 Report

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Program Information

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| Approved Program Plan number: | CPFFN0186 |
| Program Start Date: | February 4, 2022 |
| Program End Date: | December 31, 2026 |
| Actual CPF Funds Allocated: | \$158,086,576.00 |

Executive Summary

Capital Projects Fund (CPF) funds were approved for broadband infrastructure projects by the Arkansas Legislative Council's (ALC) Performance Evaluation and Expenditure Review (PEER) subcommittee in December 2022 (\$93.9 million) and February 2023 (\$53 million). A total of 22 projects were awarded, which will expand broadband availability to over 19,000 locations across the state.

The Arkansas State Broadband Office (ASBO) focused on community engagement during the Fiscal Year 2023 (FY2023) reporting period. ASBO held meetings in all 75 counties, launched a program to collaborate with stakeholders across the state, and held the first of many roundtable discussions. The office is expected to launch eight roundtables in total, including ones focused on education, healthcare, small business, agriculture, infrastructure, workforce, state agencies, and legislative.

Staffing at ASBO has also increased. A Broadband Project Manager was onboarded in December 2022. The position was initially focused on developing relationships with communities and stakeholders to expand awareness about broadband availability, affordability, and digital skills education. The office then added a Grants Program Manager in May 2023. This position was initially responsible for updating and relaunching the Arkansas Rural Connect (ARC) Grant Program, including project monitoring and compliance for existing and future awards. A part-time fiscal compliance officer began working with the team in June 2023. Since that time, the ASBO team has grown from three full-time employees and one part-time employee to seven full-time employees. The office is also the beneficiary of capacity resources through AmeriCorps' American Connection Corps program, which placed one AmeriCorps Fellow in ASBO during Fiscal Year 2024 (FY2024).

From July 1, 2023, through June 30, 2024, ASBO expended CPF dollars for program plan-approved expenses, including recipient salaries and benefits, administrative maintenance and operations, subrecipient expense reimbursement, and professional services. As of June 30, 2024, CPF funds in the amount of \$7,108,954 have been expended.

During this period, 21 subrecipient grant agreements were formally executed between the state of Arkansas and internet service providers (ISPs) for the buildout and upgrade of broadband networks for unserved and underserved locations throughout Arkansas, as described within the state's approved CPF program plan. These projects encompass state pre-determined project footprints awarded and approved by the Arkansas General Assembly in 2022 and 2023.

Of these projects, three received expense reimbursements during the performance period; however, all 21 projects were in some phase of construction as of June 30, 2024.

Continued additions and adjustments by U.S. Treasury specific to recipient reporting requirements continues to present challenges.

Uses of Funds

As outlined in Arkansas' approved CPF program plan, CPF funds awarded to the state are solely allocated and intended for the expansion of broadband infrastructure to unserved and underserved locations in the state and associated administrative expenses. To achieve this mission, broadband infrastructure grants were awarded through the Arkansas Rural Connect (ARC) Grant Program and administered by ASBO. In October 2022, ASBO accepted applications from ISPs for 40 state-defined infrastructure projects. ALC approved funding for 22 total projects. Fourteen projects were approved in December and another eight were approved in February 2023, totaling \$147,251,108 in allocated grant funding through CPF.

During FY2024, CPF funds have been expended in accordance with the approved program plan, including for recipient salaries and benefits, administrative maintenance and operations, subrecipient expense reimbursement, and professional services.

The current staffing model of ASBO is inclusive of a director, a deputy director, two project managers, a digital opportunity manager, a business operations manager, and a financial operations manager. During FY2024, \$172,777.03 was expended for salaries and benefits of the office.

Administrative maintenance and operations (M&O) are a necessity for effective administration of the program. During FY2024, \$20,436.86 was expended for M&O, inclusive of incurred costs for annual rent of office space, a CPF kickoff meeting with all CPF subrecipients, state geographic information system (GIS) work, and office supplies.

Professional services are a necessity for effective administration of the program. During FY2024, \$568,007.90 was expended for professional services, inclusive of incurred costs for third-party grant program administration.

Although all 21 subrecipient grant agreements were formally executed during FY2024 and all 21 projects closed the performance period in some phase of construction, three subrecipients submitted expense reimbursement requests totaling \$6,347,732.06 and were subsequently reimbursed by the state, including:

- Cleburne County A (Connect2First Internet) \$2,343,007
- Columbia County (Walnut Hill Telephone Company) \$1,120,951
- St. Francis County (Enlightened by Woodruff Electric) \$2,883,774

Specific to activities implemented during FY2024, namely key milestones achieved, outputs produced, and outcomes achieved, there are several data standards and measures as it relates to broadband infrastructure project completion. Among these include deployment completion percentages, documentation completion percentages, financial completion percentages, and total project completion percentages. However, as of the close of FY2024, each subrecipient was in some phase of ongoing construction, which is the best aggregate and immediate measure of milestones, outputs, and outcomes. As of June 30, 2024, deployment completion percentages per project were reported as follows:

- Ashley County (Swyft) 13%
- Baxter County (NEXT) 76%
- Boone County-B (Hometown Internet) 13%
- Clark County (South Central Connect, LLC) 82%
- Cleburne County-A (Connect2First Internet) 27%
- Columbia County (Walnut Hill Telephone Company) 89%
- Cross County (Comcast Cable Communications, LLC) 13%
- Faulkner County-B (Comcast Cable Communications, LLC) 13%
- Franklin County (Wave Rural Connect, LLC) 83%
- Garland County (South Central Connect, LLC) 11%
- Hot Spring County (South Central Connect, LLC) 41%
- Logan County-A (Wave Rural Connect, LLC) 91%
- Logan County-A (CoxCom LLC) 35%
- Logan County-B (Wave Rural Connect, LLC) 75%
- Lonoke County (Connect2First Internet) 44%
- Montgomery County-A (Four States Fiber) 13%
- Pulaski County-A (Comcast Cable Communications, LLC) 13%
- Pulaski County-B (Comcast Cable Communications, LLC) 13%
- Searcy County-B (Petit Jean Electric Cooperative Corp) 86%
- Montgomery County-B (South Central Connect, LLC) 15%
- St. Francis County (Enlightened by Woodruff Electric) 15%

It is anticipated that multiple projects will be completed during Fiscal Year 2025. However, positive impact measurement will be on a delayed timeframe as individuals and households will first need to subscribe to newly provided internet service, experience a positive impact, and then be able to describe said impact. As time passes post project completion, narratives regarding individuals and households benefiting from CPF-funded projects should become more readily available. It is ASBO’s intention to work with CPF subrecipient ISPs to curate positive impact stories over time.

Continued additions and adjustments by U.S. Treasury specific to recipient reporting requirements continues to present challenges. With the frequent issuance of updated reporting requirements to the US Treasury portal that requires additional data elements that can only be provided by the CPF subrecipient ISPs to the State of Arkansas, the burden of soliciting, receiving, and properly reporting required for the State to remain in compliance with program requirements has proven to be challenging. The State of Arkansas cannot report data to which it does not have access and is wholly dependent upon the State to report. In some cases, subrecipient ISPs report not having the expertise and/or capacity needed to locate and report newly requested data, such as broadband serviceable location identifications. This, in turn, can create internal delays in reporting from the State. Subrecipient ISPs have indicated that depending upon the new data request, which can change from reporting quarter to reporting quarter, the ISP may need to hire new employees or solicit additional subcontracting help, all in an effort to report the newly requested data. Robust communications efforts have been undertaken on behalf of the State to solicit newly requested information. However, this challenge is not one that could be mitigated against by the addition of resources, financial or otherwise. Inherent in this challenge is the broad, sweeping reporting requirements (and associated additions and adjustments from quarter to quarter) placed on ISP subrecipients of all sizes, regardless of firm size, resources, and/or capabilities.

During FY2024, ancillary costs incurred to support bringing the capital assets into full use included ASBO hosting an initial, in-person all-CPF subrecipient meeting, of which U.S. Treasury was in attendance (virtually). At this meeting, presentations were given to all CPF subrecipients by ASBO, the University of Arkansas for Medical Sciences (UAMS; the third-party grant program administrator at the time), Arkansas 811, and U.S. Treasury. Topics of presentation and discussion included program rules and administration, subrecipient expectations, utility locate best practices, and federal regulations and guidance.

Promoting Equitable Outcomes and Addressing Critical Needs

As outlined in the FY23 Performance Report, Arkansas' approved CPF program plan promotes equitable outcomes and addresses critical needs by funding broadband infrastructure projects that provide broadband expansion to unserved and underserved locations throughout the state. The project footprints in question were designed using a refined, methodological approach, utilizing a baseline map from FCC Form 477, then leveraging directly sourced ISP coverage data, checking address-specific broadband availability data through ISP websites, and integrating data from grant-funded areas.

By necessity, Arkansas' CPF project footprints and associated unserved and underserved locations encompass more rural, socio-economically depressed areas of the state. As projects are completed in the next performance period, promoting equitable outcomes and addressing critical needs in these communities will be enabled by eliminating the digital access gap that currently exists, allowing for Arkansans from all walks of life to self-determine their success in the 21st Century digital economy. As construction is completed and service becomes available, ASBO will work with the Arkansas Broadband Leaders Network (ABLN) and the subrecipient ISP to increase awareness of newly available access and promote digital skills training opportunities to increase adoption of broadband within the community.

Labor

Arkansas is a proud right-to-work state without a "baby" Davis-Bacon Act, yet the State endeavors to follow federal guidance regarding reporting of requested labor-related data by CPF subrecipient ISPs. ASBO encourages effective and efficient delivery of high-quality broadband infrastructure projects and supports economic recovery through employment opportunities for local Arkansans through two unique initiatives: 1) the Arkansas Fiber Academy; and 2) the Connecting the Heartland Broadband Jobs Board.

The Arkansas Fiber Academy continued to gain strides through the current performance period, offering three tracks and specialty programs that cover specific aspects of broadband infrastructure deployment: aerial lineman, telecommunications tower technician, and underground drilling technician. These three programs are offering a path to not only a fast-tracked, high-paying career, but the ability for Arkansas subrecipient ISPs to hire local Arkansans for broadband infrastructure buildouts across the state, including for CPF-awarded projects.

The Connecting the Heartland Broadband Jobs Board launched during the performance period and is a gamechanger for the state of Arkansas. This innovative platform will allow job seekers, employers, and training providers to connect in one online hub. Because of this effort, Arkansans interested in joining the rapidly growing broadband workforce, or getting trained up to join the broadband workforce, now have a one-stop-shop for information. The new jobs board, coupled

with the existing programs of the Arkansas Fiber Academy and a forthcoming \$15 million investment through the Broadband Equity, Access, and Deployment program to scale up broadband workforce initiatives in the state will firmly cement Arkansas as a leader in the broadband workforce space.

It should be noted that CPF funds were not used for either initiative described above, but the initiatives serve as a complementary effort to Arkansas' CPF program, and CPF subrecipient ISPs can benefit greatly from said initiatives.

Community Engagement

During the performance period, ASBO launched ABLN, an informal, virtual association meant to connect county broadband committees and other statewide broadband stakeholders with ASBO. ABLN consists of state legislators, county judges, mayors, county broadband committees, nonprofits and philanthropies, libraries, and more. Bi-weekly, virtual ABLN meetings are held, including a rotating agenda of specific programming and generic "office hours updates." This platform is used to educate stakeholders on various broadband-related topics; identify and implement best practices; and share news and events from ASBO, including updates regarding ongoing projects such as CPF subrecipient projects as well as State and Local Fiscal Recovery Funds (SLFRF) projects and the upcoming Broadband Equity Access and Deployment (BEAD) program.

ASBO also launched its "Infrastructure Roundtable" during the performance period. The Infrastructure Roundtable is an informal, weekly virtual call with all ISPs in the state, including CPF subrecipient ISPs, to allow for weekly updates and news from ASBO, inclusive of CPF updates (as well as all other ASBO programs and initiatives).

From an electronic communications perspective, ASBO launched a "weekly update" email series and a "news alert" email process during the performance period. These two communication channels allow for consistent and current communication and updates from ASBO to all state ISPs, including CPF subrecipient ISPs and statewide broadband stakeholders. Typical updates include project deployment updates (including CPF), as well as other ASBO news, programs, and initiatives.

ASBO continues to operate the constituent-focused email address for residents to ask general broadband-related questions or voice concerns (broadbandconcerns@arkansas.gov). This email address is monitored daily.

ASBO anticipates launching a new website during FY2025. All current and future state and federal awards, planning documents, public comment periods, and related news are and will continue to be posted online at broadband.arkansas.gov.

The communication initiatives detailed above are meant to support the successful implementation and operation of all ASBO programs, including the CPF program.

Civil Rights Compliance

The State of Arkansas assures that it is in compliance with Title VI. As a recipient of federal financial assistance from U.S. Treasury, the State is required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of federal funds.

CPF funding disbursed by the State for recipient salaries and benefits, administrative maintenance and operations, subrecipient expense reimbursement, or professional services is done so without denying benefits or services, or otherwise discriminating, on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with all pertinent state and federal guidance, regulations, and statutes.

This compliance extends to the State's CPF subrecipient ISPs through "Amendment #1 to the Capital Projects Fund Sub-Grant," which states in part, "Subrecipient agrees the funds disbursed under this award will be subject to the requirements of the CPF statu[t]e, all other applicable federal statutes, regulations, [and] executive orders, the Guidance [for the Coronavirus] Capital Projects Fund for States, Territories and Freely Associated States issued by Treasury on September 20, 2021, as it may be amended from time to time, and any other guidance issued by Treasury regarding CPF."